CANADIANA

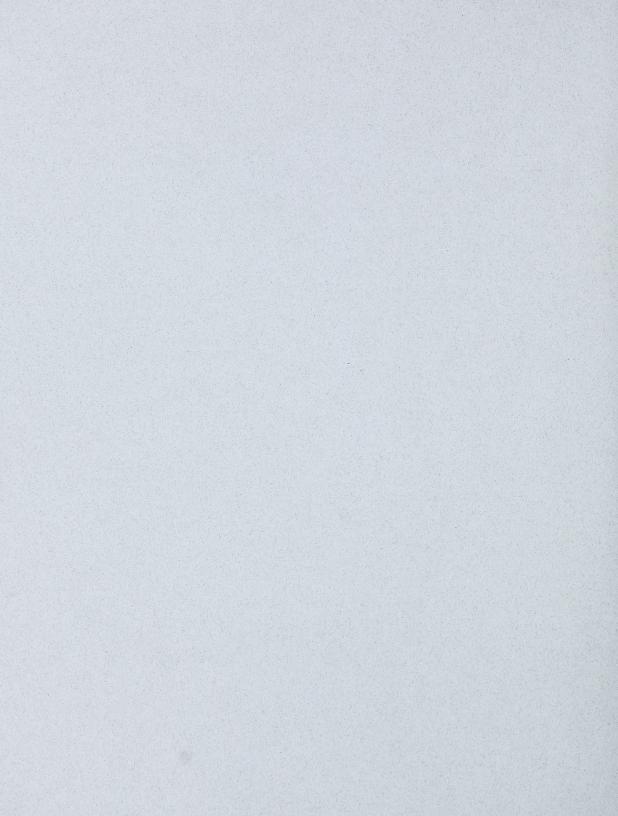
NOV 22 1994

PROVINCIAL JUDGES AND MASTERS IN CHAMBERS PENSION PLAN

ANNUAL REPORT

for the fiscal year ended March 31, 1994







PROVINCIAL TREASURER 224 Legislature Building, Edmonton, Alberta Canada T5K 2B6

The Speaker of the Assembly

Sir:

Pursuant to section 5 of the Provincial Judges and Masters in Chambers Pension Plan Regulation, Appendix of Order in Council 526/88, I have the honour to lay before the Assembly the annual report on the operation of the Provincial Judges and Masters in Chambers Pension Plan for the fiscal year ended March 31, 1994.

Yours sincerely,

Jim Dinning

Provincial Treasurer

Digitized by the Internet Archive in 2017 with funding from University of Alberta Libraries

Table of Contents		Page
Introduction	Far Price 1990; the Tedepart Linguistics Tigs Accessor.	2
Plan Overview	graverating and process to a senting, or the nava- garyenting and process for resoverated any or-	2
Review of Operations	periodic along the Travencies surgest and Marin in Chambara Pension then important encourages	3
Actuarial Liabilities	Provincial falligm enactioners in Federal Plan Auto-Auto-Auto-Auto-Auto-Auto-Auto-Auto-	4
Participation		4
Contributions		4
Refunds	types of anything any puriod for Wissin Re- Governor any of Rable of pulke comply soon	5
Death in Service Benefits		5
Information and Counselling Services	Authorities for the Section of the S	5
Pension Benefits	foliaci zarzowani returni, wana u tambu yi 1990. Bide tu dia wa wilihadi Nobelika da Pilo zapinali	5
Statement of Receipts and Payments	No been posterois and Cooking see	7

Review of Operations
Returneds
Death in Service Benefits
Internation and Counselling Services

Introduction

The Provincial Judges and Masters in Chambers Pension Plan was established effective September 1, 1988, by an Order in Council under the Provincial Court Judges Act and other empowering legislation. It was established to provide a fully funded non-contributory pension plan for those individuals who hold office as Provincial Judges or Masters in Chambers. Formerly, such individuals were members of, and contributed to, the Public Service Management Pension Plan.

In June 1990, the federal Income Tax Act was amended to give effect to a reform of the rules governing tax assistance for retirement savings. In order to retain its status as a tax registered pension plan, the Provincial Judges and Masters in Chambers Pension Plan required amendment effective January 1, 1992. Accordingly, the Provincial Judges and Masters in Chambers Pension Plan Amendment Regulation was passed to effect the necessary changes.

Plan Overview

The Provincial Judges and Masters in Chambers Pension Plan is a pension plan which is fully funded by the Government of Alberta. No contributions are made by Provincial Judges or Masters in Chambers. The government pays into the plan at a rate determined by an actuarial valuation of the plan. For the period September 1, 1988, to March 31, 1993, the contribution rate was assessed at 23.67 percent of pensionable earnings. Effective April 1, 1993, the rate was reduced to 14.05 percent.

Contributions are deposited to and benefits are paid from the Provincial Judges and Masters in Chambers Pension Fund. The income of the Fund accrues to and forms part of the Fund.

Pension benefits are based on 2 percent of the highest average pensionable earnings for five consecutive years times the number of years of pensionable service. Pension benefits earned after December 31, 1991, are subject to the maximums imposed by the Income Tax Act. The maximum benefit that can be earned for each of the 1993 and 1994 years of service is \$1,722, which equates to maximum pensionable earnings of \$86,111. Pensionable service is comprised of the following

types of service: any period for which the Government was liable to make contributions under this plan, any pensionable service under the Public Service Management Pension Plan, Management Employees Pension Plan and any period of leave without pay that was under 23 days or that was longer but for which contributions have been made.

Members who retired before January 1, 1992, were able to do so without reduction in the amount of pension if five or more years of pensionable service had been accumulated and if their age was at least 55. In accordance with the Income Tax Act, a member retiring early with service after January 1, 1992, is subject to a 3 percent reduction factor for each year of retirement before being eligible for an unreduced pension. A member is entitled to an unreduced pension when age plus service equals 80 or when age 60 is reached, whichever comes first. The early retirement reduction applies only to pension benefits earned after January 1, 1992. There is no mandatory retirement age although federal tax legislation requires that pension payments must begin no later than the end of the year in which the member reaches age 71. Therefore, contributions will not be required and service will not accrue beyond that date.

Plan Overview (Cont'd)

The normal form of pension benefit under the plan is a pension payable for the life of the member with a 75 percent survivor benefit for service up to December 31, 1991. For service after January 1, 1992, and in accordance with the revised Income Tax Act, the spousal benefit will be 66 2/3 percent of the normal pension. The survivor benefit applies only to a person who was the spouse at the time when the pension choice was made. If the member has a spouse and has been married to, or lived with, that spouse for at least five years, the member must choose a normal pension unless a waiver is signed by the spouse. Single members, or those with spousal waivers, may elect a single life pension, or a life pension with a five, 10, or 15 year guarantee period. Members may also elect a joint pension based on their life and that of a nominee.

The plan makes provision for those members who die prior to retirement and have accumulated at least five years pensionable service. In such cases, the surviving spouse is entitled to receive a pension for life in an amount equal to 75 percent of the normal pension for service up to December 31, 1991, and 66 2/3 percent of the normal pension for service after January 1, 1992. For those who have not accumulated five years of pensionable service, the surviving spouse or beneficiary is entitled to a refund of the employee contributions, if any, credited to the plan.

Administration costs are borne by the General Revenue Fund of the Province of Alberta.

Review of Operations

The Provincial Judges and Masters in Chambers Pension Plan is administered by the Payroll and Pensions Division of Alberta Treasury.

A major emphasis of the Administration continues to be the automation of pension processing functions. The benefits of computer system automation will only be fully realized when pension transactions can be completed with a minimum of manual intervention. Accordingly, one of the Pension Administration's foremost long term objectives has been to develop a computerized information data base.

Actuarial Liabilities

The Provincial Judges and Masters in Chambers Pension Plan Regulation requires that an actuarial valuation be completed every three years. The Regulation also requires that an unfunded liability, as of any particular valuation date, shall be financed on the basis that it is to be liquidated by 20 equal annual contribution payments.

An independent actuarial valuation carried out at March 31, 1992 was completed in April 1993. The valuation took account of the benefit adjustments required by the application of the revised federal tax rules, as well as incorporating revised economic and demographic assumptions. The valuation estimated the accrued liability of the Provincial Judges and Masters in Chambers Pension Plan at March 31, 1992, to be \$40,627,000. At that date the plan had a surplus estimated at \$375,000.

plan surplus may be used to reduce contributions required under the plan, or it may be returned to the General Revenue Fund.

In September 1992, before the results of the March 1992 valuation were known, a further \$2,332,000 was paid to the plan from the General Revenue Fund towards the elimination of the past service unfunded liability. Upon completion of the valuation it was determined that this payment was unnecessary since the plan was in surplus. Accordingly, \$2,300,000 of excess contributions were returned to the General Revenue Fund in November 1993.

In accordance with the findings of the most recent actuarial valuation, the contribution rate was reduced to 14.05%, effective April 1, 1993.

Participation

At March 31, 1994, there were a total of 117 active participants in the Provincial Judges and Masters in Chambers Pension Plan.

Contributions

The schedule below summarizes contributions for the year ended March 31, 1994:

	Participants Con		tributions Received	
(1) Non-and ever	March 31, 1994	Participants \$	Government \$	Total \$
Government of Alberta	117 2007 200 000 00	8,905	1,423,751	1,432,656
	117	8,905	1,423,751	1,432,656

Note: The participant amounts are prior service contributions.

Refunds

No refunds were issued during the year to participants upon termination. As explained in the section on actuarial liabilities, \$2,3000,000 of

excess contributions were returned to the General Revenue Fund due to the plan having an actuarial surplus.

Death in Service Benefits

In the current year, no members died while in service.

Information and Counselling Services

Pension News outlining some of the immediate effects of pension reform was sent to the Department of Justice. The Alberta Retired Public Employees Society was assisted by Payroll and Pensions with the publication of their quarterly newspaper, Postscript.

Annual statements containing information on pensionable service, contributions, and prior service were produced and forwarded to the Department of Justice for distribution to active participants in the plan.

Pension Benefits

During the year ended March 31, 1994, pension benefits paid totalled \$1,223,665, an increase of \$231,309 (23.3 percent) over the previous year.

A total of six pensions were granted in the categories shown in the table below. Previous year figures are included for comparison.

	1994	1993	
Normal Retirement	3	5	
Early Retirement	3	1	(1)
1994 Participants Consmissed Voted	6	6	(1)

() Brackets denote pensions co-ordinated with Canada Pension Plan (CPP) and/or federal Old Age Security (OAS) payments.

Pension options selected by members were as follows:

	At April 1, 1993	New Retire- ments	At March 31, 1994	
Member Pensions				
Normal (see note below)	23	6	29	
Total Pensions	23	6	29	
Pensions Co-ordinated with CPP and/or OAS	3		3	

Note: The normal pension does not have a guaranteed term, but in the event of the retiree's death, pays the eligible spouse a spousal pension equalling 75 percent of the deceased retiree's pension for life, for service up to December 31, 1991. For service after January 1, 1992, the spousal benefit is 66 2/3 percent.

The schedule below categorizes the pensions in effect at March 31, 1994, by dollar value of monthly pension

100	Dollar Value Per Month \$	Member Pensions
	1,000 to 1,999	6
	2,000 to 2,999	5
	3,000 to 3,999	9
	4,000 and over	9
		29

Effective January 1, 1994, a cost of living adjustment of 0.72 percent was granted to those pensioners in receipt of a pension for one year

or more with a proportionately smaller increase granted to those retiring during the calendar year 1993.

Statement of Receipts and Payments Year Ended March 31, 1994

	1994	1993	
	\$	\$	
RECEIPTS			
Government contributions	1,423,751	2,345,291	
Participant contributions	8,905	8,960	
General Revenue Fund Contribution			
to Amortize Unfunded Liability	- USBW DASK	2,332,000	
Total Receipts	1,432,656	4,686,251	
PAYMENTS			
Benefits		ayaa Saasa	
Pensions to retired participants and beneficiary			
of deceased employee	1,223,665	992,356	
Withdrawals			
Refund of Excess Contributions	2,300,000	up vróted slubriára. Pet já Chara Vránca	
Total Payments	3,523,665	992,356	
Excess of Payments (Over)/Under Receipts	(2,091,009)	3,693,895	



